

City of Alameda General Fund Budget Study Session May 31, 2011



Budget Presentation Outline

- General Fund Budget Overview
- General Fund Budget: Revenue and Expenditure Projections and Trends
- Options for Addressing Projected Budget Deficits
- State Impacts / Other Budget Highlights
- Council Direction on Proposed Budget



General Fund Budget Overview

- March 2011 – Mid Year Report Presented to Council:
 - Balanced budget of \$73 million for FY10-11 with projected fund balance of \$15.1 million (21%)
 - Forecast deficit of \$6.2 million for FY11-12 and \$6.3 million for FY12-13
 - Projected ending available fund balance of \$8.9 million (12% of budget) for FY11-12 absent corrective actions



General Fund Budget Overview

(continued)

- May 2011 – Staff Prepared Revised Budget Estimates for FY11-12 through FY15-16
 - Projects deficits of \$7 to \$9 million each year thru FY15-16
 - Assumes revenue growth of 2-3% annually
 - Incorporates new Miscellaneous / Safety PERS rates
 - Assumes health and OPEB increases of 14% per year
 - **Assumes no salary increases through FY15-16; does not include any savings or additional costs that may result from any proposed employee MOUs**
 - Assumes 2-3% increases for all non-personnel expenses resulting from inflation



General Fund Budget Overview

(continued)

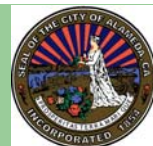
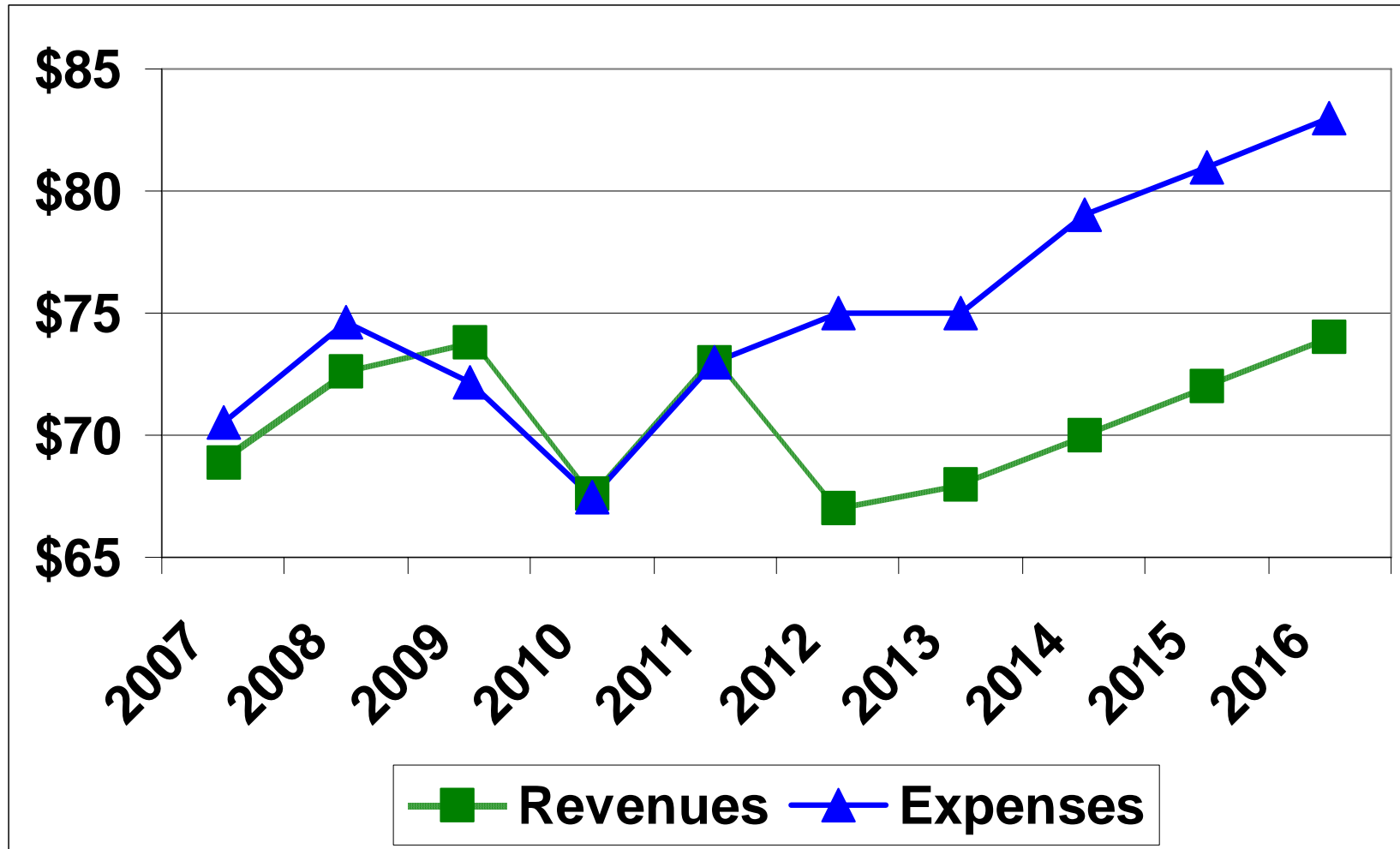
5 Year Projections for FY11-12 through 15-16 (In Millions) - without proposed changes

	11-12	12-13	13-14	14-15	15-16
Revenues	\$ 67.1	\$ 68.0	\$ 70.1	\$ 72.2	\$ 74.3
Expenses	74.6	74.9	78.7	81.0	83.4
Deficit For Year	\$ (7.5)	\$ (6.9)	\$ (8.6)	\$ (8.8)	\$ (9.1)
Ending Available Fund Balance	\$ 8.4	\$ 1.5	\$ (7.0)	\$ (15.8)	\$ (24.9)
% of Expenses	11%	2%	N/A	N/A	N/A

Ending Available Fund Balance assumes no cost-saving measures are taken.



General Fund Budget – Revenue and Expense Trends (\$ in millions)



General Fund Budget Overview

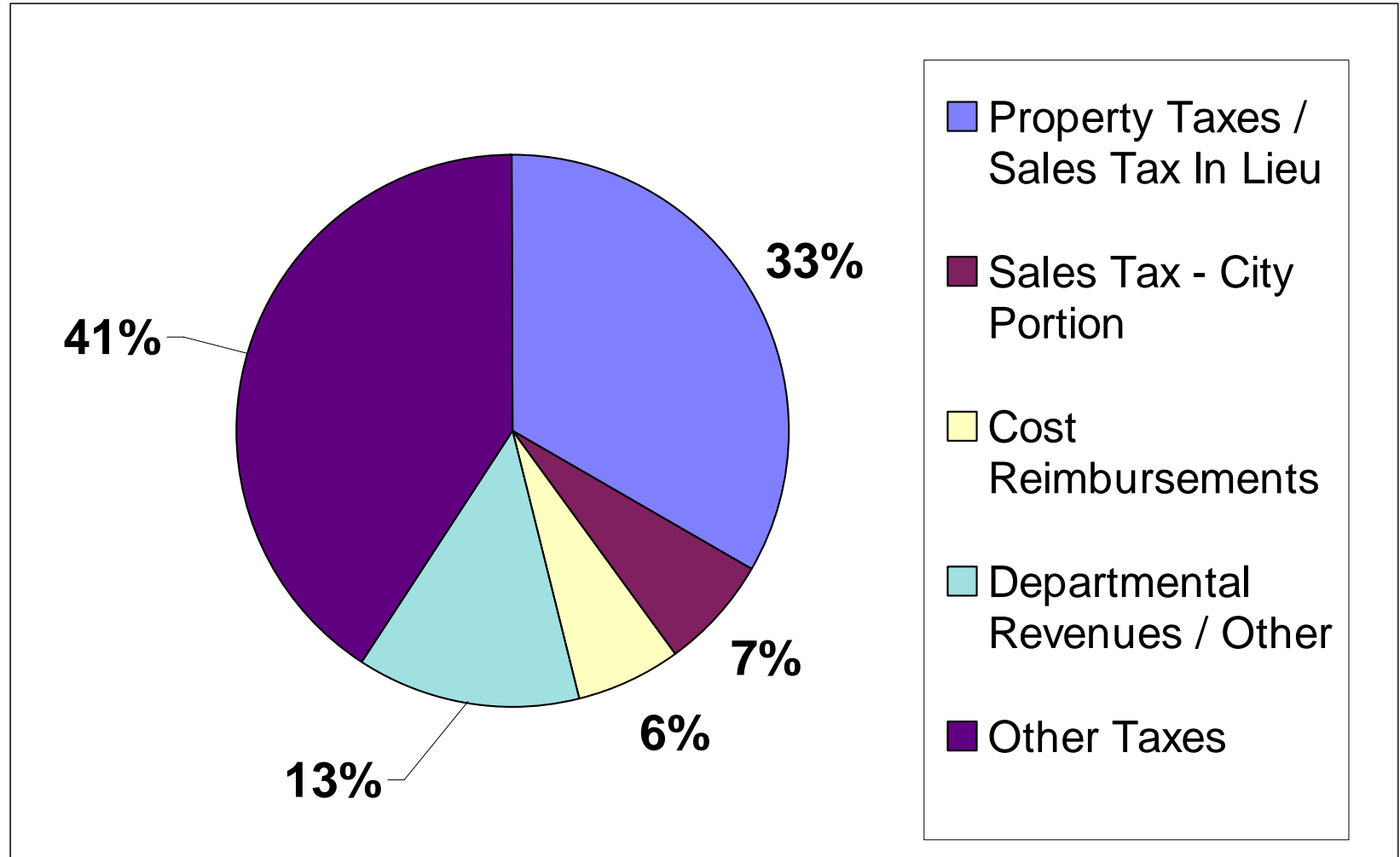
Changes for FY11-12 from March 2011

■ Revenues

- Down \$200K (<1%) primarily due to revised departmental revenue projections – revised total total revenue projection of \$67.1 million

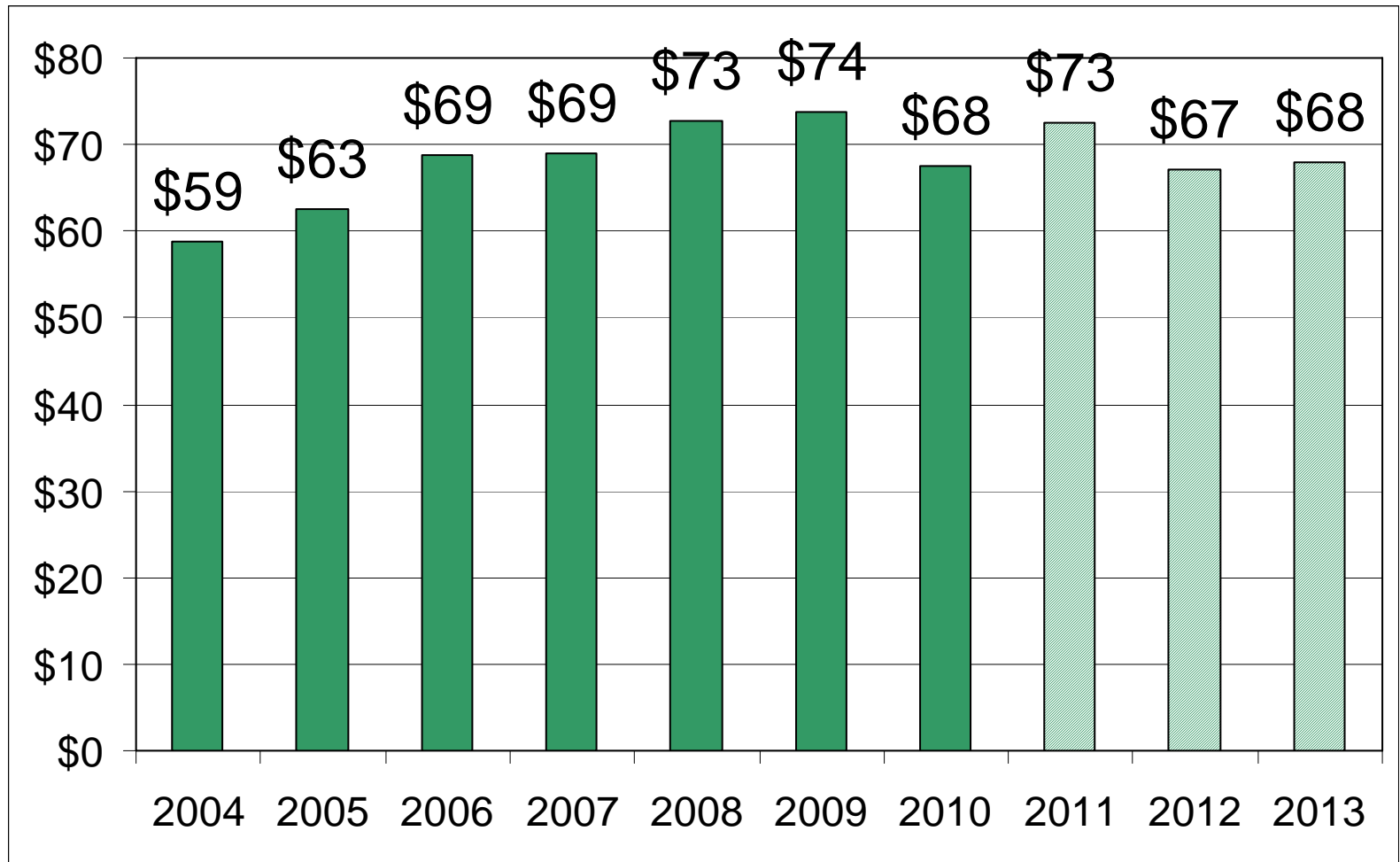


General Fund Budget – Major Revenue Sources



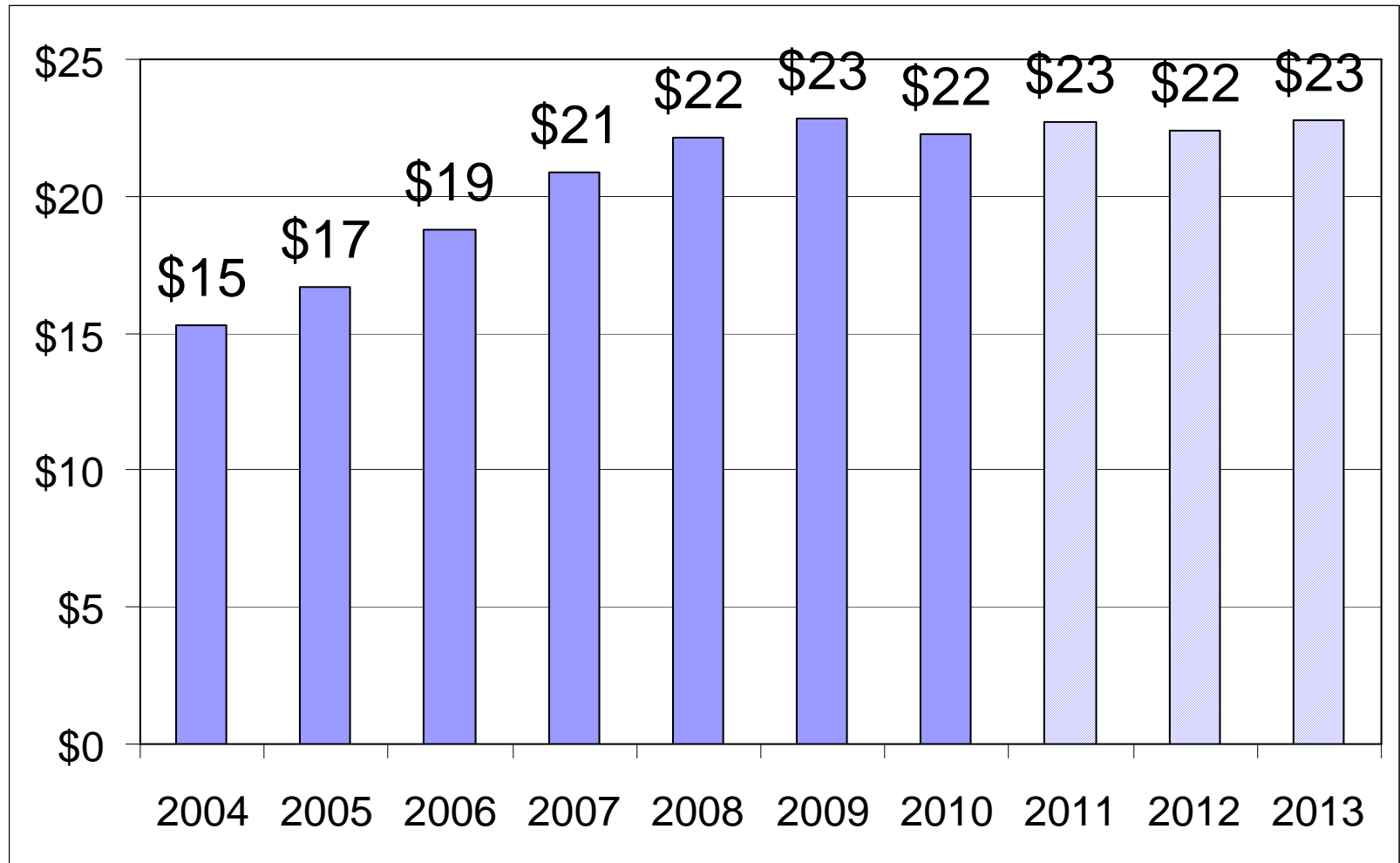
General Fund Budget Total Revenue Trend

(\$ in millions)



General Fund Budget Property Tax Revenue Trend

(\$ in millions)



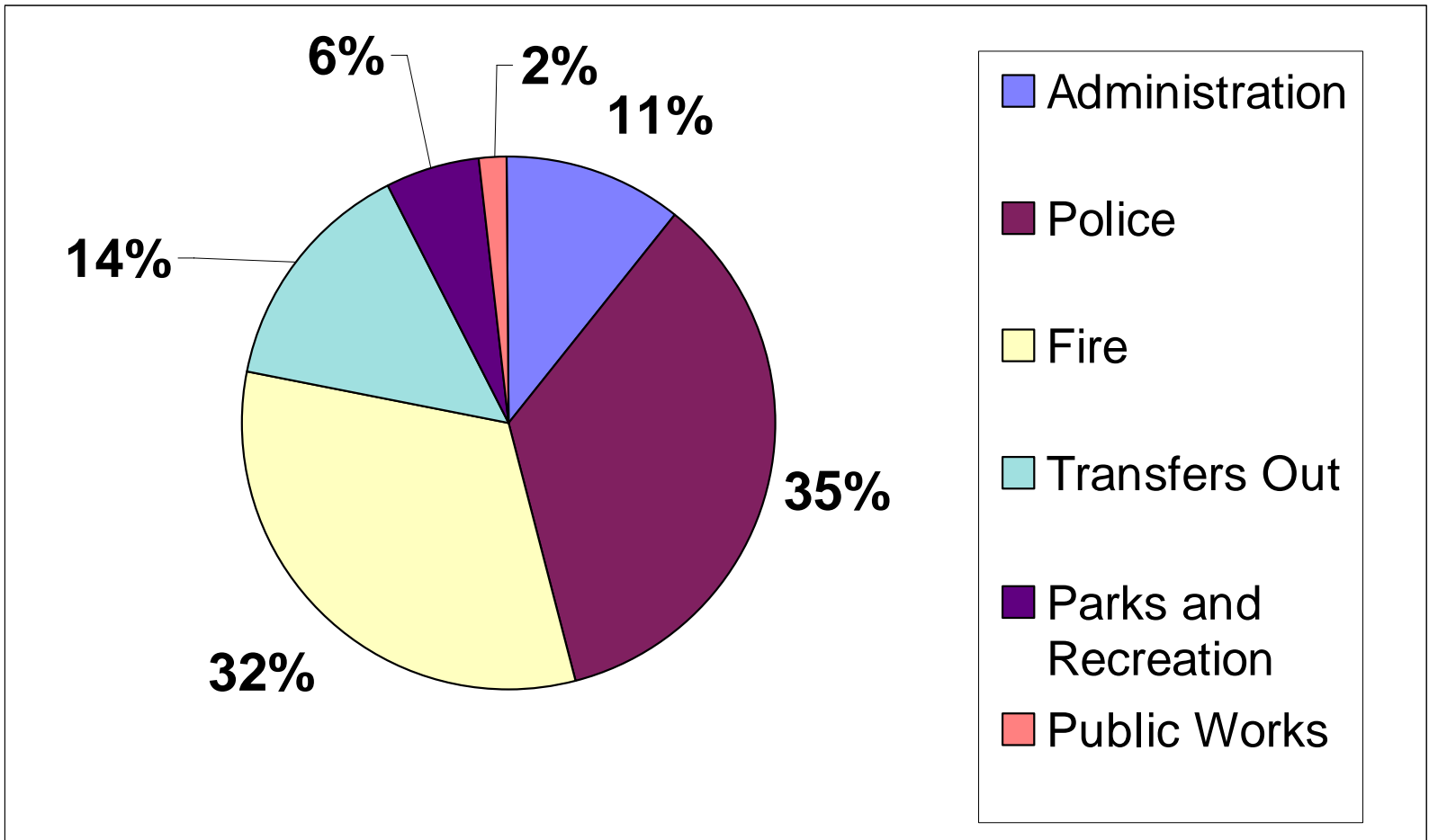
Changes for FY11-12 from March 2011 (continued)

■ Expenditures

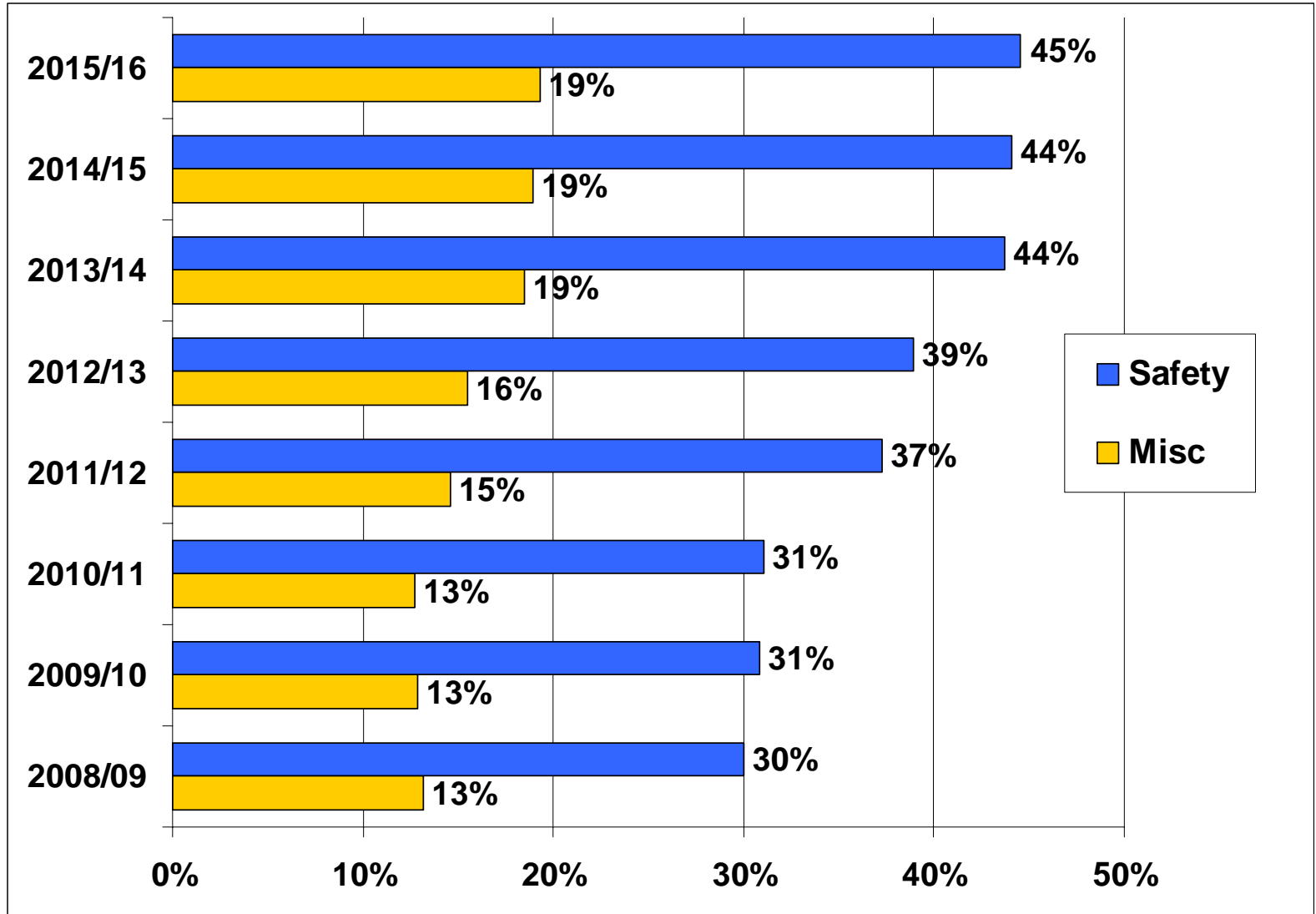
- Up \$1.3 million (2%) to \$74.6 million due to additional items omitted from original FY11-12 forecast:
 - Annual payment 2002 City Hall bonds \$ 827,000
 - Additional contributions required for Library operations \$ 535,000
 - Additional contributions required for Fleet Maintenance ISF Fund \$ 300,000



General Fund Budget – Major Expenditure Categories



PERS Rates Trend



Addressing Projected Budget Deficits: Proposed Expenditure Reductions

	2011-12	2012-13
General Government	328,000	328,000
Administrative Services	195,000	120,000
Police	1,347,000	1,347,000
Fire	800,000	800,000
Public Works	214,000	219,000
Library (Transfers Out)	163,000	163,000
Recreation/Parks	325,000	458,000
Less Unemployment	(270,000)	(274,000)
Total	3,102,000	3,161,000



Addressing Projected Budget Deficits

Proposed Expenditure Reductions

(continued)

A. General Government: \$328K (7%)

- City Attorney
 - Reorganize CAO (in progress)
- City Council
 - Reduce memberships
- City Manager
 - Reduce contractual services
 - Reorganize CMO (in progress)
- Information Services -
 - Reduce contractual services



Addressing Projected Budget Deficits Proposed Expenditure Reductions (continued)

B. Administrative Services: \$195K (6%)

- Human Resources –
 - Reduce contractual services / materials and supplies
- Finance –
 - Prepare fee / cost allocation study in house
 - Perform business license audit



Addressing Projected Budget Deficits

Proposed Expenditure Reductions

(continued)

C. Public Safety: Fire

- Recommended option: \$800K (3.5%)
 - Eliminate 1 Deputy Fire Chief, reassign 1 Deputy Fire Chief, eliminate non-sworn staffing (4 FTEs total)
 - Reduce materials and supplies
- Alternative options:
 - Eliminate 1 Deputy Fire Chief, eliminate non-sworn staffing (4 FTEs total), \$776K (3.4%)
 - Eliminate 2 Deputy Fire Chiefs, eliminate non-sworn staffing (5 FTEs total), \$1.1M (4.6%)
 - Reduce materials and supplies



Addressing Projected Budget Deficits

Proposed Expenditure Reductions

(continued)

D. Public Safety: Police

- Recommended option: \$1.3 million (5%)
 - Outsource Animal Shelter, eliminate 4 Police Officers (9 FTEs total)

- Alternative option: \$1.3 million (5%)
 - Eliminate 9 Police Officers and 1 Animal Shelter Officer (10 FTEs total)



Addressing Projected Budget Deficits

Proposed Expenditure Reductions

(continued)

E. Parks, Public Works, Library

- Parks and Recreation \$325K (7%) in FY11-12, \$458K (10%) in FY12-13
 - Reduce / change staffing (3 FTEs)
- Public Works \$214K (15%)
 - Reallocate Traffic Operations to Gas Tax Fund
 - Reduce / change staffing (3 FTEs across multiple funds)
- Library \$163K (7%)
 - Reduce hours and part-time staffing



Addressing Projected Budget Deficits

Use of One Time Funds

- Transfer of unrestricted funds in CIP Discretionary Fund to General Fund – (\$2.7 Million – FY11-12 only)
- Add back Golf contributions for six months – (\$290K – FY11-12 only)
- Receive repayment of loan to FISC Fund for public safety services – (\$480K for both FY11-12 and FY12-13)



Addressing Projected Budget Deficits

Use of Available Reserves

- Fiscal Year 2011-12 - **\$804,000** –
Ending reserve balance of \$15.1 million – 21%
- Fiscal Year 2012-13 - **\$3.2 million** –
Ending reserve balance of \$11.9 million – 17%



5 Year Projections FY11-12 to 15-16 (in Millions) – With Reductions

	11-12	12-13	13-14	14-15	15-16
Revenues	\$ 67.1	\$ 68.0	\$ 70.1	\$ 72.2	\$ 74.3
Expenses	74.6	74.9	78.7	81.0	83.4
Less Reductions	(3.1)	(3.2)	(3.6)	(3.7)	(3.8)
One-Time Funds	3.6	0.5			
Deficit For Year	\$ (0.8)	\$ (3.2)	\$ (5.0)	\$ (5.1)	\$ (5.3)
Ending Available Fund Balance	\$ 15.1	\$ 11.9	\$ 6.9	\$ 1.8	\$ (3.5)
% of Expenses	21%	17%	9%	2%	N/A



Addressing Projected Budget Deficits Negotiation with Employee Unions

Items to Consider:

- Furloughs
- Employee cost-sharing for PERS retirement, health premiums and other benefits
- Cap on City OPEB contributions for future retirees
- Two-tier system for future employees for PERS, health, and OPEB
- Reductions in pay / additional staff reductions
- Closing City Hall on Fridays



Addressing Projected Budget Deficits Undertake Survey on Revenue Increases

A. Increase Existing Taxes

1. Sales Tax – 9.75%
Increase .25%-.5% - \$1.5 to \$3 million
2. Utility User Tax – 7.5%
Increase of 1% - \$1.2 million
3. Transient Occupancy Tax – 10%
Increase of 1% - \$100,000
4. Property Transfer Tax – \$12 per \$1,000 of valuation
Increase by \$2 per \$1,000 - \$500,000 to \$700,000
5. Business Licenses – Rentals \$20/Unit, Other \$79-\$155
Increase by \$20 - \$340,000



Addressing Projected Budget Deficits Undertake Survey on Revenue Increases (continued)

B. Other Revenue Generation Options:

- Consider new taxes, i.e., parcel tax for public safety services
- Implement fee study proposed for FY11-12
- Review options for increasing franchise taxes



Potential State Impacts to City's Budget

- Elimination or Reduction of:
 - Redevelopment
 - COPS Grants (\$100K)
 - Mandated Cost Reimbursement (\$50K)
 - Booking Fees (\$50K)
 - State Library Contributions (Up to \$33K)



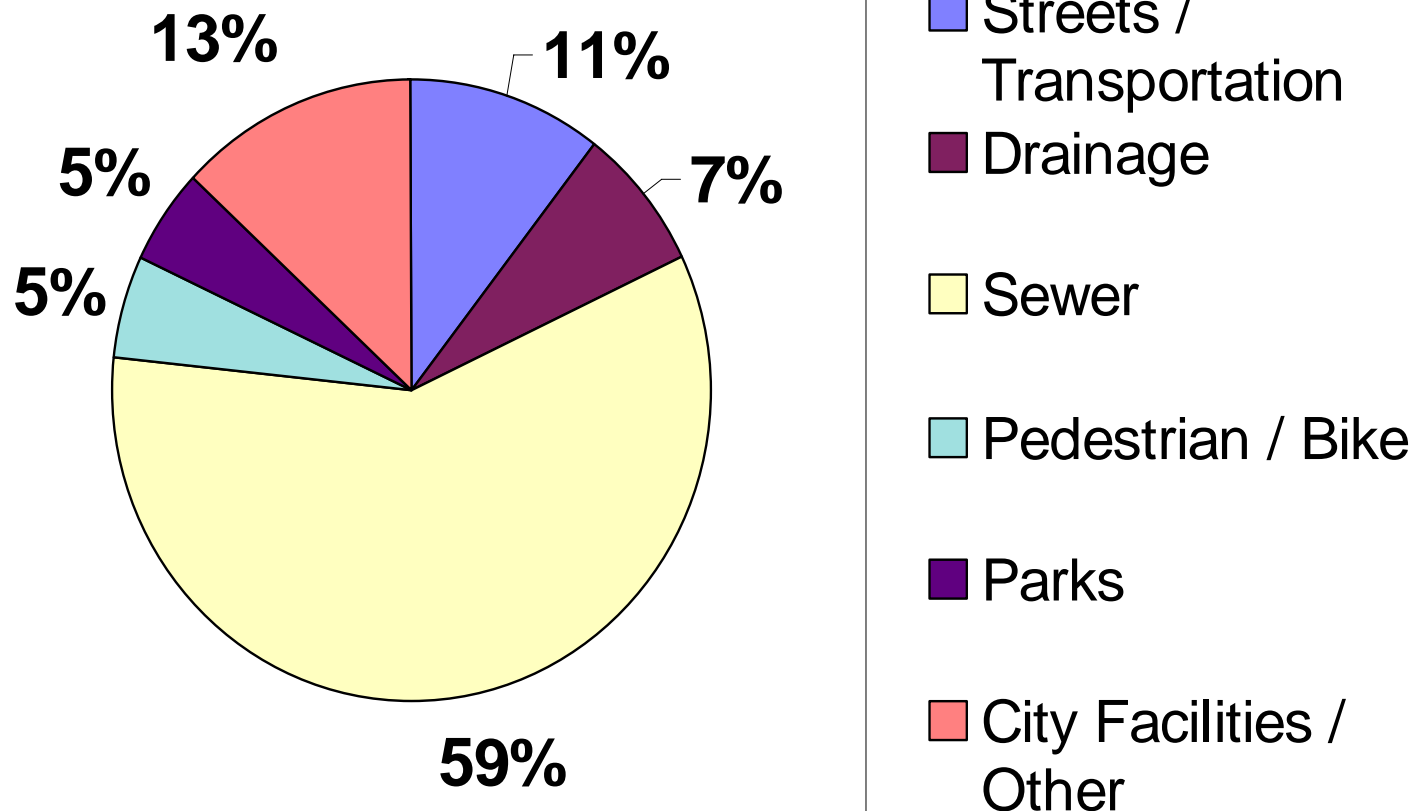
Other Budget Highlights

- Islander Affordable Housing Project
- Grant Funding for Firefighters
- Vehicle Replacement Fund –
 - Vehicle Replacements
 - Financing Options for Radios/Fire Apparatus
- Capital Projects
- Maintenance Projects



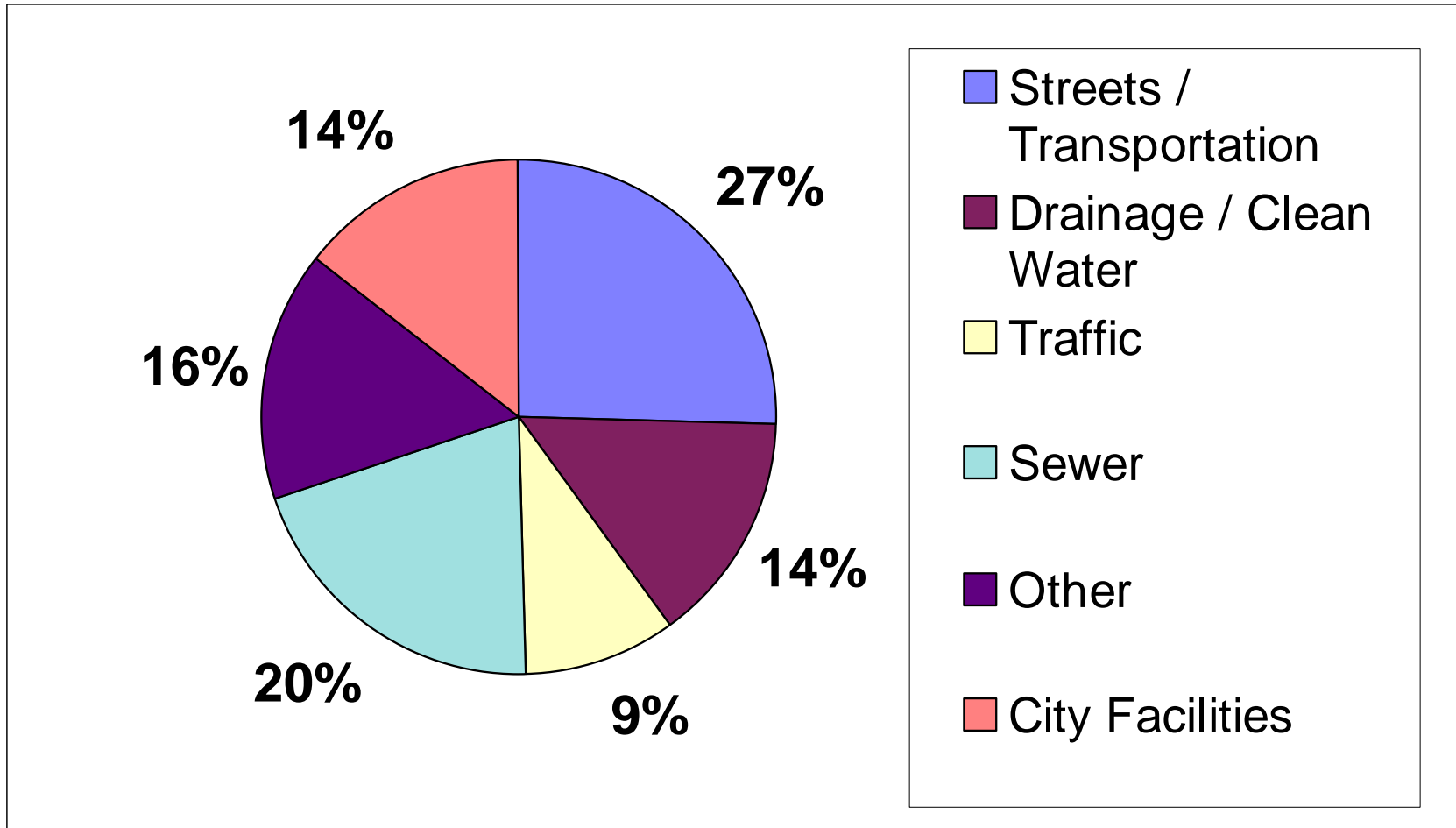
Capital Project Summary

\$12.8 Million for FY11-12



Maintenance Project Summary

\$3.7 Million for FY11-12



Council Direction on Proposed Budget

- Proposed reductions
- One-time items and use of reserves
- Negotiations with employee unions
- Increasing existing taxes
- Other revenue generation options



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